

## **Second Addendum To President's Employment Agreement**

This Second Addendum to President's Employment Agreement is made between the Board of Trustees of The University of Akron, 302 Buchtel Common, Akron, Ohio 44325 ("Board") and Dr. Luis M. Proenza ("President" or "Dr. Proenza"), to be effective as of the 7th day of August, 2013.

WHEREAS, the President has been employed by the Board in his position since 1998; and,

WHEREAS, that employment has continued pursuant to a contract of employment which from time to time has been amended by the parties; and,

WHEREAS, the current contract of employment consists of two documents, a thirteen page President's Employment Agreement dated as of the first day of January, 2006, and a three-page Addendum To the President's Employment Agreement, effective as of the 10<sup>th</sup> day of June, 2009 (collectively with the amendments set forth herein, the "Agreement");

NOW THEREFORE, in consideration of the terms and conditions set forth herein, the parties hereby amend and/or restate the following sections of the Employment Agreement and Addendum, and add additional section 26 to the Employment Agreement, as follows:

### **Amendments/Restatements to Employment Agreement and Addendum**

#### **3.0. Term of Appointment; Evaluation; Renewal**

3.1 The President's term of office as President shall end on June 30, 2014.

#### **4.0. Compensation**

4.1 For all services rendered under this Agreement, the Board shall pay the President an annual base salary of Five Hundred Thousand Dollars (\$500,000), commencing as of January 1, 2014, payable in equal monthly installments. It is agreed by the Board and the President that this base salary of \$500,000 shall be the President's final annual base salary ("Final Annual Base Salary") for all purposes under this Agreement, including as the President's compensation during the final six months of his employment while serving in the position as President of The University of Akron.

4.2 The President's current base salary is \$425,000 and shall continue at that amount until January 1, 2014, when it shall be increased to \$500,000. Accordingly, it is agreed by the Board and the President that the annual base salary review provided in 4.2 shall not be necessary, and the President hereby waives consideration for any merit increases for the remainder of the term of the Agreement.

4.4. The President shall continue to be eligible for the retention bonus for 2013 provided for in section 4.4 of the Agreement.

4.5.and 4.6 The President shall continue to be eligible for the one-year performance bonus with respect to 2013 and two-year performance bonus with respect to 2012 and 2013 provided for in sections 4.5 and 4.6 respectively of the Agreement.

4.8. Inasmuch as the President's employment as President will conclude on June 30, 2014, the provisions of the Agreement for a one-year goal for 2014, and two- or three-year goals thereafter will be considered as moot and of no effect.

## **12.0 Tenure**

12.1 See Section 26.2 below.

## **13.0 Vacation and Time Off**

13.4 See Section 26.8 below.

### **Additional Terms to President's Employment Agreement**

## **26. Post-Presidential Employment (Commencing July 1, 2014)**

26.1 Commencing July 1, 2014, Dr. Luis M. Proenza shall be designated President Emeritus of The University of Akron. He shall continue to hold his current rank as Professor of Biology, with tenure in that academic unit. However, Dr. Proenza shall also be granted and hold tenure with The University of Akron under the designation of "University Professor," assigned directly to the Office of Academic Affairs. As University Professor, utilizing his broad background in higher education, administration, research and collaboration, he will be called upon as may be reasonable from time to time to deliver lectures, participate in undergraduate, graduate and professional seminars, and from time to time participate as a guest professor in various courses and disciplines across the campus. As President Emeritus, Dr. Proenza shall not be a member of the Akron-AAUP bargaining unit.

Dr. Proenza's credit teaching "load" as a full-time professor, while in active pay status, shall include but not be limited to courses developed and taught by him as mutually agreed by Dr. Proenza and the Provost in accord with established curriculum requirements. The credit hour load for Dr. Proenza shall be commensurate with that of a nine-month full-time tenured faculty member. This credit hour teaching load may also be pro-rated, and discharged in one semester. In consultation with the Provost, other duties as may be mutually agreed upon, as well as other duties generally performed by regularly tenured full-time faculty, including for example, but not limited to, serving on doctoral dissertation committees, shall count toward this credit hour teaching requirement in the same manner as such activities are taken into account for nine-month full-time tenured

faculty. Dr. Proenza will be expected to work collaboratively with the Provost, the deans and faculty of the various colleges to share with students the knowledge and skills he has amassed over many years as an effective leader in higher education.

During the period Dr. Proenza occupies this position of University Professor, he shall be entitled to request, from time to time, leaves of absence without pay, which requests shall not be unreasonably denied. Such leaves shall be for periods of time that include or exclude an entire academic term, rather than portions of any academic term. During these periods of leave without pay, Dr. Proenza shall not be required to provide any teaching or other duties. However, in the event Dr. Proenza ceases to return to active pay status for more than twelve consecutive months, he acknowledges that (1) his group insurance benefits may be impaired under the terms of the group policies; and, (2) his employment and tenure shall terminate (unless the Board of Trustees shall approve a longer leave during which he is not in active pay status). Returns from leaves of absence should coincide with the beginning of academic terms, excluding summer. Dr. Proenza agrees that his tenure rights shall expire no later than July 1, 2026, provided, however, that the July 1, 2026 expiration date shall be extended for a period of additional months equal to the total number of months of unpaid leave of absence that Dr. Proenza receives pursuant to the provisions contained in Section 26.

26.2 Dr. Proenza's annual base salary as University Professor shall be the greater of (a) the salary of the highest paid full-time faculty member at The University of Akron (adjusted for 12 months); or (b) 65 percent of Dr. Proenza's Final Annual Base Salary as President. Dr. Proenza shall not be eligible for annual merit increases until he shall have served as University Professor in active pay status for one (1) full academic year (two regular semesters, excluding summers). Thereafter, Dr. Proenza shall be eligible to receive merit increases which shall be no more than the average merit percentage increase provided to full-time nine-month tenured faculty. Depending upon the duration of the period of leave Dr. Proenza shall choose as provided in Section 26.8 below, Dr. Proenza's base salary as University Professor shall commence as follows:

26.2.1 In the event Dr. Proenza elects to take a one-year paid professional leave commencing on the first day following the last day of his service as President of the University, over a one-year period from July 1, 2014, through June 30, 2015, then in such event, Dr. Proenza's base salary for University Professor as provided in Section 26.2 above shall commence on July 1, 2015.

26.2.2 In the event Dr. Proenza elects to take the one-year paid professional leave commencing on the first day following the last day of his service as President of the University, over a two-year period from July 1, 2014, through June 30, 2016, which shall include a six-month paid professional leave period and a six-month unpaid leave of absence in each of the two years, thereby splitting the Final Annual Base Salary for the one-year paid leave into two equal annual parts, then in such event, Dr. Proenza's base salary as University Professor as provided in Section 26.2 above shall commence on July 1, 2016.

26.3 An endowed chair is perhaps the most prestigious honor that a university can bestow upon one of its own. As part of post-presidential employment the Board shall create and participate in the endowment of a Chair to be known initially as the Trustee's Chair in Higher Education and the Economy. Dr. Luis M. Proenza shall be the inaugural Chair holder, commencing on July 1, 2016. The members of the Board of Trustees are pleased to assist in the raising of funds to support the endowment for the Chair. When Dr. Proenza shall no longer be the holder of the Chair, it shall be renamed the Luis M. Proenza Chair in Higher Education and the Economy.

It is intended that the holder of this Chair shall be someone who is recognized within Ohio and at the national level as an academic administrator who is committed to the mission of higher education and its predominant role in the economic future of our state and nation. The holder of this Chair must be someone who can effectively advocate for the role of research and its intersection with both wealth creation and economic prosperity. Finally, the holder of this Chair must be someone who is committed to generating interest among, and in recruiting students for study and ultimately graduation in, one of the STEM disciplines so that a talent pipeline is encouraged and developed in these areas.

The holder of this Chair shall be assigned directly to the Office of Academic Affairs and work collaboratively with the Provost, deans and University of Akron Research Foundation to identify and capitalize upon areas of opportunity through which the Chair may perform his or her responsibilities in this role. In addition, the holder of this Chair may accept paid or unpaid part-time leadership positions with for-profit or non-profit entities approved in advance by the Board of Trustees on the basis that the Board has determined that the focus of such entities is consistent with the role of the Chair holder.

Dr. Proenza's initial term as holder of this Chair shall be ten years; thereafter, his appointment to the Chair may be continued by mutual agreement.

Dr. Proenza, as the Chair holder, shall receive compensation from the University in the form of a stipend in the minimum amount of \$50,000 per year. If the Board of Trustees shall increase the stipend for the Chair from time to time, the compensation due Dr. Proenza pursuant to Section 26.2 may be reduced, at the option of the Board of Trustees, by an amount equal to the excess, on an annual basis, over the initial Chair stipend of \$50,000 per year. However, if the Chair holder becomes disabled and is unable to perform the duties as Chair, or if the Chair holder becomes a full-time employee of an entity other than The University of Akron, the Chair holder shall be deemed to have abandoned the position as Chair holder and any entitlement to a stipend. During any period that Dr. Proenza shall be on leave without pay as a tenured faculty member as provided in Section 26.1, he shall continue to receive the stipend provided for in this section so long as he performs the duties as Chair holder.

## **26.4 Insurance and Retirement Benefits**

The parties acknowledge that the President has alternative medical coverage for himself and his dependents and that dental and vision coverage are provided to the President and his dependents under the University benefits plan. During any post-Presidential employment, the President shall continue to maintain, at his own cost, his alternative medical coverage for himself and his dependents; provided however, that upon the conclusion of his Presidency, he, and, where applicable, his dependents shall continue to be permitted to participate in the University's dental, vision, group life insurance and disability coverages during his paid sabbatical leave provided herein (whether taken over a one-year or two-year period as provided in 26.2.1 or 26.2.2) and any subsequent period of their eligibility to participate in such group plans. The cost of any level of coverage beyond that provided to University employees pursuant to the applicable group plan shall be borne by the President.

During the sabbatical leave under 26.2.1 or 26.2.2, the University shall continue the President's current Chief Executive Retirement Plan which is qualified under Section 401(a) of the Internal Revenue Code and includes provisions to be treated as a qualified governmental excess benefit arrangement pursuant to Section 415(m) of the Internal Revenue Code (the "Retirement Plan") and the President's current Section 403(b) Annuity Plan (the "Section 403(b) Plan") at the contribution levels in effect during his Presidency. Following the conclusion of the sabbatical leave under Section 26.2.1 or 26.2.2, the University shall continue the Retirement Plan, but with a contribution from the University equal to the State Teacher Retirement System employer contribution rate applicable to full-time tenured, full professors at the University, as applied to the compensation that Dr. Proenza receives pursuant to 26.2 and 26.3 (the "Annual Post-Sabbatical Plan Benefits"). Under this alternative, it would be necessary to amend the Retirement Plan to specify Dr. Proenza as the sole participant and to change the contribution level, as agreed above. It would be necessary for the University to amend the Retirement Plan from time to time to remain in compliance with the applicable provisions of the Internal Revenue Code and the University agrees to do so. Following the conclusion of the sabbatical leave under Section 26.2.1 or 26.2.2, the President shall cease to participate in the Section 403(b) Plan, but the University shall maintain the Section 403(b) Plan as long as it has assets. Instead, the President shall be eligible to participate in the section 403(b) annuity plan which is applicable to other University employees under the same terms and conditions applicable to such other employees.

In the event that the Internal Revenue Service determines that the Retirement Plan may not be amended to remain in compliance with the applicable provisions of the Internal Revenue Code, the President shall be provided the same opportunity as provided all other full-time University faculty members to participate in a qualified alternative retirement vehicle (an "ARP") available through the University and terminate the Retirement Plan. Under this alternative, the President shall be eligible to receive a single lump-sum payment of his account balance under the Retirement Plan. At the President's election, the President may defer payment of income tax on the amount of such distribution by rolling over the distribution from the Retirement Plan to an Individual Retirement

Account. Should it be necessary for the President to select an ARP for post-Presidential employment, the President would vest one hundred percent (100%) immediately. The University contributions to the ARP as well as the President's contributions to the ARP would be on the same basis and contribution level as with other full-time University faculty; provided, however, that, notwithstanding any provision of the ARP to the contrary, the University shall be required to contribute the full amount of the Annual Post-Sabbatical Plan Benefits agreed to above on behalf of Dr. Proenza to a tax-deferred retirement plan or plans adopted for the benefit of Dr. Proenza.

#### **26.5 Housing**

The President shall vacate the University Residence on or before September 1, 2014. The Board shall pay up to \$15,000 in moving expenses.

#### **26.6 Automobile**

The President shall return the automobile provided as a condition of employment on June 30, 2014.

#### **26.7 President Emeritus**

As President Emeritus of The University of Akron, Dr. Proenza shall be provided with an office and administrative support in the same manner as provided to full-time, nine-month tenured faculty or as otherwise approved by the Board.

#### **26.8 Vacations and Time Off**

Notwithstanding any other provision herein to the contrary, if the President remains employed in the position of the President of The University as of December 31, 2008, the Board and the President agree that the President shall be permitted to take a one- (1) year paid professional leave commencing on the first day following the last day of his service as President of The University; provided however, that the President shall, alternatively, be permitted to take the one-year paid professional leave over a two-year period with the following stipulation: unless required to maintain Dr. Proenza's eligibility under the Plans, each of the two years shall include a six-month paid professional leave and a six-month unpaid leave of absence. The President agrees during such leave, if requested by the Board, to provide reasonable assistance in transition of the President's office to his successor.

#### **26.9 Duration of Agreement**

Notwithstanding any provision of the Agreement to the contrary, this contract shall remain in effect until the later of (i) July 1, 2026 and (ii) the date to which Dr. Proenza's tenure is extended under Section 26.1 during which Dr. Proenza shall be entitled to receive, and shall receive, all of the compensation and benefits set forth in this Second Addendum; provided, however, that the Board of Trustees may elect to terminate the

Agreement, and the compensation and benefits set forth in the Second Addendum, only for cause. Termination for cause shall mean: (1) failure to perform a material obligation under the Agreement; provided, however, that the Dr. Proenza's failure to perform shall not be deemed cause unless (i) the failure to perform is, in fact, curable and (ii) Dr. Proenza is first given written notice of such failure, such notice states with particularity the alleged failure to perform, and Dr. Proenza fails to cure the alleged failure to perform within 30 days; (2) a plea of guilty to, a finding of guilt by a jury or court of, or a conviction of any of the following: (i) a felony; (ii) an offense of violence; (iii) a theft offense; (iv) a drug abuse offense that is not a minor misdemeanor; (v) conviction of a crime of moral turpitude. In the event of termination for cause, Dr. Proenza shall be provided written notice of the reason(s) for termination, reasonable notice of a hearing, right to appear and produce evidence, right to call witnesses and conduct cross-examination, the right to counsel and the right to a due process hearing before the Board of Trustees.

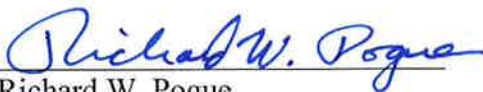
### **27.0 Controlling Document**

To the extent that the terms of the Second Addendum conflict with or are inconsistent in any way with any term of the Agreement (including those set forth in the first Addendum), the terms of the Second Addendum shall supersede the earlier provision and shall control.

IN WITNESS WHEREOF, this Second Addendum to the President's Employment Agreement is executed as of the 7<sup>th</sup> day of August, 2013.

THE UNIVERSITY OF AKRON  
BOARD OF TRUSTEES

By:

  
Richard W. Pogue

  
Luis M. Proenza  
President

Its: Chairman

Witnessed:

  
Ted A. Mallo  
Secretary, Board of Trustees

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